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C O N F I D E N T I A L SECTION 01 OF 02 JERUSALEM 001230

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E.O. 12958: DECL: 07/11/2013

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SUBJECT: FAYYAD THANKS CODEL ACKERMAN FOR USG SUPPORT, SAYS
IDF INCURSIONS UNDERMINE PA

Classified By: Consul General Jake Walles, Reasons 1.4 (b) and (d)

11. (C) Summary: Palestinian Authority (PA) Prime Minister Salam Fayyad told CODEL Ackerman on July 5 that the PA's capacity to govern has improved significantly in the last year, despite continued IDF incursions into the West Bank that undermine PA security reform efforts. Fayyad thanked the CODEL - particularly Mr. Ackerman - for the USD 150 million in budget support provided by the USG in March and highlighted the success of the Palestine Investment Conference, saying it has successfully attracted new investment to the West Bank. End summary.

Fayyad: PA Upgrading Capacity To Govern

12. (C) At a July 5 meeting in Jerusalem, PM Salam Fayyad told Representatives Gary Ackerman (D-NY), Sheila Jackson-Lee (D-TX), Thad McCotter (R-MI), Randy Neugebauer (D-MO), Russ Carnahan (D-MO) and Al Green (D-TX) that the security situation in the West Bank has improved over the last year due to PA security force deployments to Nablus and Jenin. He underscored the progress of PA reform, which has "upgraded our capacity to govern." Fayyad thanked the CODEL, and Mr. Ackerman in particular, for the USG's provision of USD 150 million in direct budget support, which the PA received in March.

PA building toward statehood, weakened by IDF incursions

13. (SBU) Fayyad said the PA will continue to build the foundation of a secure, peaceful, prosperous state, despite the opposition and hurdles imposed by Israel. Fayyad said his government's reform effort has reduced corruption within the PA. The Prime Minister highlighted the success of the Palestine Investment Conference (PIC), held in Bethlehem in May, saying that it has attracted many investors from the Palestinian diaspora and Arab states. He expressed appreciation for the senior USG delegation to the PIC. He said that there has been an increased level of cooperation between the PA and the Palestinian private sector since the PIC.

14. (C) Fayyad told the CODEL that recent Israeli raids in the West Bank undermine the authority of PA security forces and that the IDF should instead allow the PA to "break the culture of violence" there. Fayyad said the PA wants to increase information sharing between the IDF and PA security forces but said his efforts to convince the GOI to alter its posture in the West Bank have been unsuccessful.

Fayyad: No compromising unity deal with Hamas;
Gaza "siege" strengthens Hamas

15. (C) Fayyad assured the CODEL that the PLO will not sacrifice its principles to cut a unity deal with Hamas. He said "isolation has been the Palestinians' worst enemy" and the PA will continue to focus on a "lasting, meaningful, two-state solution and peace with Israel." Fayyad said that Hamas, overt presence is fading in the West Bank) especially from Ramallah. He said his government hopes to ban political parties from managing social welfare programs, as the "needs of people cannot be exploited for political gain."

16. (C) Fayyad said the Gaza "siege" continues to benefit Hamas, which makes substantial amounts of money by providing, via the Gaza-Egypt tunnels, basic goods that can no longer pass through the formal Gaza-Israel commercial crossings. He said he has not yet seen evidence that Egypt has made a concerted effort to close the Gaza-Egypt tunnels.

Fayyad: Israeli deal-making with Hamas undermines PA

17. (C) Fayyad noted his unease over Israel's deal-making with Hamas and Hizbollah in recent weeks, opining that Israel should instead close deals on Gaza crossings and Palestinian prisoners with PA President Abbas. Fayyad said he does not understand Israel's intention to "allow Hasan Nasrallah and not the PA" to free Palestinian prisoners.

18. (U) CODEL Ackerman did not have the opportunity to clear on this cable prior to departure.

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WALLES